

Informed:

The Cost of Doing Business in Indiana

Personal Income Tax	3.4%
State Sales Tax	6%
Property Tax	
• Assessed at 100% of true cash value. Statewide average net rate is 3.0311% of assessed valuation.	
Gasoline Fuel Tax	\$.18 per gallon
Diesel Fuel Tax	\$.16 per gallon
Unemployment Insurance	
• New employer rate	
2.7%	
• Experienced employer average rate	
1.9%	
• Taxable wage base	
\$7,001	
Workers' Compensation	
• Average rate for manufacturing is \$1.82 per \$100 of Indiana payroll.	

Corporate Income Tax

In 2006, the Tax Foundation rated Indiana as having the 11th most business-friendly tax system in the U.S. The Indiana General Assembly recently revised Indiana's tax code to apportion corporate income tax based solely on sales. This change will be phased in over five years. All corporations doing business in Indiana, except S corporations and not-for-profit corporations, pay corporate adjusted gross income tax at a rate of 8.5%.

Workers' Compensation

Indiana has the second lowest workers' compensation rates for manufacturing in the nation. Indiana also has the lowest industrial electricity costs in the Midwest.

Total State Business Taxes

Based on Net Taxable Income of \$1 Million and 100 Employees (includes corporate income tax, workers' compensation and unemployment insurance)

IN	\$169,739
IL	\$267,448
MI	\$256,858
KY	\$235,725
PA	\$292,822
MA	\$268,336
CO	\$215,764
CA	\$568,714
FL	\$280,991
MO	\$256,097
AL	\$218,859
AR	\$163,733
MS	\$167,060

Source: U.S. Dept. of Labor, Indiana Manufacturing Association, 2006

Average Price of Industrial Sector Electricity (Cents/kWh)

U.S. industrial average price per kilowatt hour is 5.27 cents.

IN	4.13
IL	4.65
MI	4.92
OH	4.89
KY	3.34
PA	5.87
MA	8.48
CO	5.11
CA	9.52
FL	5.84
MO	4.62
AL	4.15
AR	4.16
MS	4.83

Source: Energy Information Administration, 2004

Average Annual Wage

Paid by private industry

IN	\$39,377
IL	\$47,435
MI	\$46,426
OH	\$39,869
KY	\$36,649
PA	\$43,280
MA	\$53,526
CO	\$44,587
CA	\$48,918
FL	\$36,879
MO	\$38,388
AL	\$36,406
AR	\$32,867
MS	\$31,523

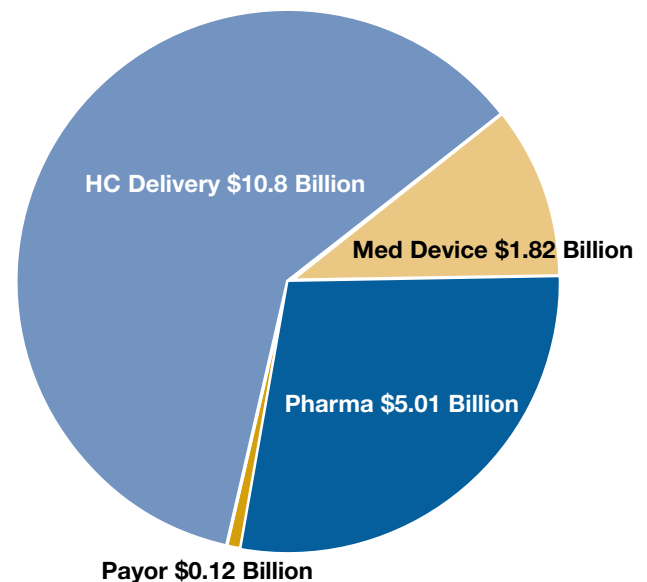
Source: Bureau of Labor Statistics, 2004

Industry Performance

Life Sciences

Indiana's life sciences industry — including pharmaceuticals, biotechnology and medical research — generates \$14 billion each year, providing jobs for more than 82,000 Hoosiers. Several Indiana life sciences companies lead that industry: WellPoint ranks third in health insurance, Eli Lilly ranks fourth in pharmaceuticals and Zimmer is fifth in medical products and equipment. (*Fortune Magazine*, Feb. 2006) The state's pharmaceutical sector ranks fifth in the United States in terms of sales and employment. Orthopedics is an \$8 billion industry in Indiana, with three Warsaw-based companies — Biomet, DePuy and Zimmer — controlling 30 percent of the overall global market in orthopedic joint replacement. Indiana is home to groundbreaking research in such fields as bio-engineering/tissue engineering, genomics/proteomics, bio-informatics and nanotechnology.

Gross State Product Generated by
Indiana Health Industry, 2003



Source: Deloitte Development LLC, 2005

Information Technology

Central Indiana is home to more than 1,900 information technology firms, employing over 40,000 workers and producing \$7.4 billion in economic output.

Indiana's Top 10 High-Tech Occupations

Occupation	Number of Workers	Average Wage
Computer Systems Analysts	7,550	\$58,920
Industrial Engineers	7,080	\$58,530
Computer Support Specialists	6,870	\$35,560
Computer Programmers	6,570	\$54,710
Mechanical Engineers	5,960	\$61,020
Computer & Information Systems Management	4,630	\$75,300
Electrical & Electronic Engineers	8,800	\$52,907
All Other Engineering & Related Technicians and Technologists	8,300	\$67,257
Life Sciences: Scientists, Chemists, Engineers, Microbiologists, Biophysicists	4,790	\$56,931

Source: U.S. Bureau of Labor Statistics, 2005

Service Industries

The fastest growing sectors of the Indiana economy are education, health services and professional and technical services.

Sector	Employment Increase	% Increase
Business & Professional Services	77,000	43%
Health Care & Social Assistance	56,900	21%
Leisure & Hospitality	53,000	24%
Educational Services	21,700	57%
Financial Activities	6,400	5%

Source: Bureau of Labor Statistics, 2005

Industry Performance

Manufacturing

Advanced manufacturing is a critical mainstay of Indiana's economy. More than 11,000 Indiana manufacturers employ over 700,000 workers. By number of plants, Indiana's top three manufacturing industries are: industrial machinery and equipment, printing and publishing, and metal fabricating. By employment, Indiana's top manufacturing industries are: automotive (vehicles and parts), plastics (Indiana is a national leader) and steel.

Earnings by Industry	\$ Millions
Manufacturing	\$34,169
Government & Government Enterprises	\$14,481
Health Care & Social Assistance	\$12,610
Retail Trade	\$8,986
Construction	\$8,417
Finance & Insurance	\$6,500
Wholesale Trade	\$6,464
Professional & Technical Services	\$6,359
Transportation & Warehousing	\$5,249

Source: Bureau of Economic Analysis (BEA), 2005

Motor Vehicles

Indiana's automotive industry is one of the nation's largest. Our state ranks third or higher in almost every segment of this industry. As the chart to the right shows, Indiana's automotive employment represents a significant component of national employment. Over the past decade, Indiana's employment in making motor vehicle parts has grown by six percent, compared with the national average of one percent. The 2006 announcements of Honda and Toyota that they were establishing new plants in Indiana illustrates Indiana's prowess in the motor vehicle industry.

Value by Manufacture Per Employee National Ranking 2005

Alumina and Aluminum Production & Processing	1st
Coating, Engraving, Heat Treating & Allied Activities	1st
Cut & Sew Apparel	1st
Household & Institutional Furniture & Kitchen Cabinets	1st
Medical Equipment & Supplies	1st
Resin, Synthetic Rubber & Artificial Synthetic Fibers & Filaments	1st
Dairy Products	2nd
Motor Vehicles	2nd
Animal Food	3rd
Basic Chemicals	3rd
Chemicals	3rd
Engine, Turbine & Power Transmission Equipment	3rd
Food	3rd
Miscellaneous	3rd
Ventilation, Heating, & Commercial Refrigeration Equip.	3rd
Electric Lighting Equipment	4th
Fabricated Metal	4th
Hardware	4th
Reproducing Magnetic & Optical Media	4th
Cement & Concrete	5th
Machinery	5th

Source: Indiana Business Research Center, 2006

Indiana's Share of U.S. Employment in the Auto Industry 2005

Motor Homes	52%
Travel Trailers & Campers	31%
Motor Vehicle & Air-conditioning	26%
Motor Vehicle Power Trains	25%
Vehicular Lighting	17%
Truck Trailers	17%
Other Electrical Equipment	15%
Motor Vehicle Suspension & Steering	14%
Motor Vehicle Bodies	9%
Brake Systems	8%
Auto Stamping	7%
Motor Vehicle & Light Trucks	5%

Source: Indiana Business Research Center, 2006

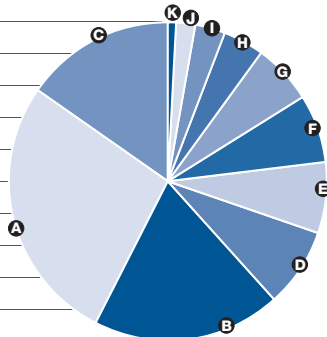
Exports

Indiana's exports have almost doubled since 1996, increasing from \$11 billion to \$21.5 billion. Between 2004 and 2005 alone, they grew 12.4 percent.

Top 10 Indiana Export Industries 2005

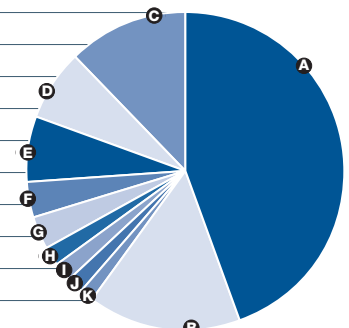
A Vehicles/Not Railway	27%
B Machinery	19%
C Other	15%
D Electrical Machinery	8%
E Organic Chemicals	7%
F Pharmaceuticals	7%
G Optic/Medical Instruments	6%
H Plastics	4%
I Miscellaneous Chemicals	3%
J Iron & Steel	2%
K Iron & Steel Products	1%

Source: U.S. Census Bureau, 2006



Top 10 Indiana Export Destinations 2005

A Canada	44.5%
B Rest of the World	15.7%
C Mexico	12.2%
D United Kingdom	7.1%
E France	6.8%
F Japan	3.6%
G Germany	3.2%
H Netherlands	2%
I China	1.9%
J Australia	1.6%
K Korea Republic	1.4%



Quality of Life

Indiana's working environment is ranked 7th best in the nation, based on job opportunities, job quality and other factors (University of Massachusetts—Amherst 2005). Indianapolis is the third least expensive big city in the U.S. for business (KPMG LLP, 2006) and has the most affordable housing of any major city in the country (National Association of Home Builders 2003).

Population of Major Cities

State Population: 6,195,643

Indianapolis	783,438
Fort Wayne	219,495
Evansville	117,881
South Bend	105,540
Gary	99,961
Hammond	80,547
Bloomington	70,642
Muncie	66,521
Lafayette	61,229
Anderson	58,394
Terre Haute	58,096
Elkhart	51,682
Mishawaka	48,396
Fishers	47,790
Kokomo	46,154

Source: Indiana Business Research Center, 2005

Median Home Prices

Indianapolis	\$113,500
Fort Wayne	\$95,400
Boston	\$390,400
Chicago	\$263,600
Cleveland, OH	\$126,800
Denver	\$244,200
Grand Rapids, MI	\$133,800
Louisville, KY	\$131,100
Philadelphia	\$218,300
San Diego	\$607,300
New York City	\$458,500
Atlanta	\$168,400
Birmingham	\$163,400
Miami	\$377,000
Little Rock	\$123,800

Source: National Association of Realtors, 2006

Cost of Living Index

U.S. Average = 100.0

Indianapolis	95.1
Fort Wayne	92.7
Boston	135.4
Chicago	117.4
Cleveland, OH	99.2
Denver	100.6
Grand Rapids, MI	101.8
Louisville, KY	93.9
Philadelphia	123.9
San Diego	150.3
New York City	204.3
Atlanta	97.4
Birmingham	95.4
Miami	116.2
Little Rock	88.6

Source: ACCRA, Fourth Quarter 2005

Higher Education

2004–2005 Enrollment (Graduate and Undergraduate)

Purdue University—West Lafayette	40,109
Indiana University—Bloomington	37,821
Indiana University—Purdue University Indianapolis	29,953
Ball State University	17,364
Indiana State University	11,200
University of Notre Dame	11,479
University of Southern Indiana	10,050
Vincennes University	6,474
Butler University	4,415
University of Indianapolis	4,116
Valparaiso University	3,969
University of Evansville	2,729
DePauw University	2,391
Rose-Hulman Institute of Technology	1,906

Source: Indiana Commission for Higher Education

University programs in Indiana consistently rank among the nation's best. In 2006, *U.S. News & World Report* ranked Rose-Hulman Institute of Technology as having the best undergraduate engineering program in the country. Purdue University, University of Notre Dame, and Indiana University are also internationally renowned in areas as diverse as aviation, medicine and the arts.



Indiana Economic Development Corporation

One North Capitol, Suite 700

Indianapolis, Indiana 46204

Toll-free: 800-463-8081

Tel: 317-232-8888

Fax: 317-232-4146

www.iedc.in.gov